



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

5141

Testimony of the Connecticut Insurance Department

Before the
Insurance and Real Estate Committee

Tuesday, February 16th, 2010

HB 5141 —An Act Concerning the Handling of Property Claims and Repair or Remediation Work

The Insurance Department would like to offer the following comments in relation to the above referenced bill.

Section 2 of the Act clarifies that, in order to submit a claim under an insurance policy and to negotiate such claim with the insurance company issuing the policy, a person is required to (1) be licensed as a public adjuster and (2) be under contract with the insured to represent such insured in the settlement of the loss.

It is the Department's understanding that, as written, section 2 of the Act does not prevent direct communications between insurance companies and other individuals involved in the repair or remediation of the loss, including contractors or appraisers, as long as (1) such other individuals' role is limited to communications with the insurer regarding the cost or value of items subject to the loss and (2) they do not become involved in other aspects of the claim, such as negotiating issues surrounding liability, coverage, exclusions, depreciation and the like.

Section 3 of the Act amends section 38a-313a of the Connecticut General Statutes to provide that persons who perform repairs or remediation on a property are required to provide to policyholder a written notice that includes a statement that such persons do not represent any interests other than their own and, if applicable, that they have received work directly from the insurance company. Currently, the provision requires only that the written communication indicate the scope of the work to be performed and a cost estimate.

The Department is concerned that it cannot enforce section 3 because persons performing repairs or remediation work are not licensed by the Department.

If the Department can be of assistance to the Committee as it considers this bill, please do not hesitate to contact us.